

HRM&CTF OFF-SITE RESULTS

23,972

## I., Modify GS system

- A. Retain existing grade structure.
- B. Change existing step structure.
  - 1. Keep 30% pay range but give annual increases (from 10 to 19 steps worth 3%, 1 1/2%, 1%)
  - 2. Keep 3% step but expand pay range from 30% to 45% (from 10 to 15 steps at 1-2-3 year intervals).
- C. Retain and develop Agency unique Special Pay Scales as needed.
- D. Expand and decentralize current performance award program.
  - 1. Expand award pool from .2% to approximately 1.5% of salary budget.
  - 2. Scrap inter-directorate controls.
  - 3. Give pro-rata share of award pool to each DD for delegation to office level.
  - 4. Institute a single performance award to replace the QSI, EA and SA..
  - 5. Office's may approve one-time awards of up to \$5,000 and/or permanent salary increases of 3 or 6%. Larger awards will be approved by the DD.
  - 6. Awards may be instituted by supervisors or panels at anytime.
- E. Review applicablity of these modifications to existing non-GS pay systems and incorporate where appropriate.
- F. Decentralize and spimplify position classification process.
  - 1. One-time OP classification of positions in each occupation, and only at journeyman and at senior/manager level.
  - 2. Manager may then modify position structure within budget and position limiations.
  - 3. Major changes in the nature and scope of the occupation would require new OP review.

## II. Enhance Benefits Program

### A. Design and implement a flexible benefits program.

1. First phase: a cafeteria style benefits plan to allow employees to use pretax dollars to pay for their share of existing federal life and health insurance premiums.

#### 2. Second phase:

a) Choice among expanded benefits.

b) Flexible spending account.

c) Use of annual leave to pay for benefits.

### B. Design and implement enhanced leave options.

1. First phase: create transition leave benefit--use of accumulated home leave in last year before retirement.

#### 2. Second phase:

a) Pay employee for annual leave forfeited based on exigency.

b) Allow conversion of forfeited annual leave to sick leave.

c) Establish sick leave bank.

#### 3. Third phase:

a) Depending on outcome of flexible benefits program, consider other approaches for conversion of leave to cash.

b) Allow transfer of sick and/or annual leave between spouses.

### C. Other benefits

1. Explore educational assistance benefit options

2. Explore preferential retirement options.

## III. Strengthen Career Development Programs

### A. Proceed with dual track program.

B. Develop occupation specific training programs in 10 occupations (two per directorate) to determine training needs, cost and availability.

C. Develop two occupations specific Career Development handbooks.

D. Design and test individual Career Development plans.

E. Design performance planning and evaluation tools for testing at directorate option.

**IV. Experiment with non-GS option**

**A. Select component.**

**B. Refine the following features:**

- 1. Occupation specific banding.**
- 2. Market pricing.**
- 3. Incentive pay system.**

**C. Evaluate and assess experiment for expanded Agency application.**

## SUMMARY

The Human Resource Management and Compensation Task Force (HRM&CTF) met at an offsite the week of 5 October to review Agency (Employee and Management) reaction and responses to the proposed Pay, Personnel Management, and Compensation System.

The offsite was in preparation for an EXCOM discussion of the next phase of the Task Force's activity. The Task Force recommends a strategy which calls for development and early implementation of a variety of improvements to our personnel structure, but within the broad contours of the GS system. At the same time we recommend a continued effort to refine and redesign the non-GS system presented in the Task Force June 30, 1987 preliminary report, and then field test this non-GS system.

The data presented below includes:

1. A brief review of the substantive areas of agreement and disagreement among Directorates; and,
  2. An outline of the options which the Task Force believes should be considered:
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TASK FORCE ANALYSES

THE DIRECTORATE RESPONSES AGREE

- o There should be movement; doing nothing is not recommended.
- o The Agency should take its time and not be driven by short/arbitrary deadlines.
- o The proposal does not provide enough information to permit well-informed judgements on merits, particularly occupational banding, pay for performance, market-pricing, and PAR reform.
- o A GS alternative should be developed for consideration with more detail on what can be done within existing GS structure.
- o The proposal, particularly pay-for-performance and PAR reform, appears to place additional heavy burdens on managers who are already over-taxed performing daily functions.
- o There are questions and skepticism regarding the Agency's ability to equitably administer the system and obtain required funding for the proposal.

- o A simplified, decentralized pay classification system is highly desired.
- o There is overwhelming support for a flexible benefits program.
- o There is no support for retention bonuses.
- o There is little support for the PAR reform features.
- o There is concern about loss of status (with separation from GS-ranks).
- o The plan appears to favor senior level employees.

INITIAL AREAS OF DISAGREEMENT

- o The DDI prefers to remain within the existing GS structure, enhancing/modifying mechanisms already in place. This applies primarily to occupationally defined bands and incentive pay. Other features received qualified support.
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- o The DS&T, DO, DA, and DCI areas provided qualified support to the overall plan but felt that further clarification was needed to permit a more informed judgment by employees and management. They also felt that a GS alternative should be developed for concurrent consideration.

TASK FORCE COMMENTS AND OBSERVATIONS

- o In the Task Force's review and discussion of the Directorate responses, it was clear that the Agency is not ready to move to the totally integrated proposal. Nor was remaining with the status quo considered desirable.
- o A modified-GS version has much merit and could probably be implemented without the trauma of change associated with the non-GS version.
- o The initial review by employees has identified areas where further details and explanation to employees are required before final determinations are made. These center primarily around occupationally defined banding, market-pricing, incentive pay, and PAR reform.

- o A more deliberate approach is now required. Following receipt of reactions to the second paper, a test-bed should be the next step in evaluating the feasibility of the integrated non-GS system.
- o In the interim, an enhanced GS system could provide a vehicle for gradually implementing changes that are non-threatening, but offer transition capability to a non-GS system, if that turns out to be desirable.

#### ENHANCED GS SYSTEM

In accordance with the desires of the directorates, we have developed an alternative to the occupationally-banded incentive pay system which includes many of the attributes of the proposed features which had broad acceptance, but was within the confines of the GS structure. We were able to develop, for example, proposals for:

a) a more simplified, Agency-specific classification system,

b) the decentralization of position classification,



c) broader pay ranges which allow more lateral salary potential for employees in a pay grade, relieving the upward pressure on the system to promote,

d) definition of occupations at well-defined and realistic work levels and,

e) an award system which provides a more efficient and timely means to recognize and reward Agency employees.

But at the same time, these enhancements to our current personnel structure contain few radical departures and keep us firmly within the GS system. They should cause very little pain to implement, feel comfortable to most of our employees and yet address most of the problems which our employees and managers have asked us to fix.

The development of a enhanced GS system would immediately meet the following key design elements apparently desired in any changes.

1. Retain the familiar GS-grade structure by:

a) Maintaining GS grades 1 - 15 and,

- b) Retaining and expanding the use of special pay scales to accomodate occupation specific problems resulting from GS pay scale.

One approach would be to keep the current 30% spread between minimum and maximum in each grade level but to revise the step structure.

Currently there are 10 steps each worth approximately 3%, but waiting periods increase to 2 and 3 year intervals as the employee progresses through the range. To enable us to award an increase annually as a form of continuing recognition, we could introduce a 19 step structure that would allow employees in 2 year waiting periods to recieve 1 1/2% per year, and those in 3 year waiting periods to receive 1% annually. Without significant additional cost, this provides a more frequent recognition for employees.

A second variant would be to go from a 30% to a 45% spread in each GS grade. This would allow 15 rather than 10 increments of 3% each. Progress through the steps would be proportionately similar to the current system. A one-year wait for one third of the pay range (steps 1 - 5), a two-year wait for the second third (steps 6 - 10), and a three-year wait for the last third (steps 11 - 15). This option facilitates use of the OSI performance awards; provides appropriate salary progression for employees coming off special pay scales at higher steps and having to wait 2 - 3 years for the next step; and addresses plateuing or headroom problems anticipated in

the near future.

2. Simplify and decentralize the existing cumbersome position classification system by defining

a) The full-performance/journeyman level (a discrete GS grade or range of GS grades) for each occupation.\*

b) The senior level within an occupation. Again it may be a Discrete GS grade or a range of grades.

No position descriptions would be needed and no centralized classification effort would be undertaken for jobs below journeyman level. Moreover, once journeyman and senior level are defined, managers are free within budget controls to create, add or move positions without OP review. Only if there were major changes in the nature and scope of the work would a new review be required.

3. Greatly enhance and simplify the awards system to recognize performance. This could be done by:

\*Each occupation could be defined as narrowly or as broadly as desired (i.e., all analysts or just economists). Cross-Directorate occupations; i.e.--computer program/analyst would also be covered.

- a) Eliminating current inter-directorate boards and delegating responsibility to DD's.
- b) Creating an awards pool of 1 to 1.5% of salary vice the existing level of .2% (This more in line with current NSA systems). The pool would be divided among the Directorates.
- c) The Directorates would delegate authority to the office level to approve performance awards which could be proposed by supervisors at any time or be part of the PAR process or a promotion panel exercise. The offices could approve one time awards of up to \$5000 and/or permanent salary awards of 1-2 steps (3-6%). Larger amounts would be approved by the DD.

4. Design a first-phase cafeteria-style benefits plan which would be simple to implement and have a significant positive impact on employees by:

a) Allowing employees to subscribe to any existing federal life or health insurance program and;

b) Allowing employees to pay for these life or health insurance programs with pretax dollars thus affording employees a considerable

out of pocket savings at a time of steeply rising insurance cost.

5. Encourage improvement and institutionalization of existing expert or dual track programs and examination of where additional dual track programs shall be created.

6. Create a transition leave benefit as part of an effort to create and control flow-through group. Employees in their last year would be able to use their home leave balance to prepare for post-Agency employment.

7. Develop improved career guidance tools to include:

a) writing and validating career development handbooks for occupations, including the training requirements which the management of each occupation would wish to have available,

b) with OTE participation, develop tools to support voluntary use of individual career development plans.

8. Develop the management training to support and assist in implementing these proposals. This could include development by OTE of additional modules to existing management training such as:

a) additional performance appraisal, performance planning and career development support to supervisors and new managers, not focused on

performance appraisal forms, but on communication and counseling of employees, and on assisting employees to obtain the training and skills necessary to achieve career goals.

b) Instruction on effective utilization of the new simplified position classification system.

9. Development of the Automation support to:

a) allow for component manager control of position classification and promotion headroom;

b) support the enhanced and decentralized performance award program; and,

c) administer the first phase cafeteria-style benefit program.

### NON-GS SYSTEM

The continued exploration of the non-GS option:

- a) Shows responsiveness to employees in following through in their suggestions for improving the proposal and providing data for them to make informed decisions as to whether they want to buy into any system changes beyond the GS modification.
- b) Provides a basis for discussion in the upcoming NAPA and oversight committee reviews of our system. It would be in accord with SSCI and HPSCI counsel for us to step back and look at our total personnel and compensation system and avoid the "quick fix." It is also responsive to HPSCI's concern that we not go too far, too fast.

After review and discussion of the Directorate positions on the features of the preliminary report, the Task Force judges the following major features to require clarification and redefinition as part of the revised HR plan.

### MARKET LINKAGE

Occupationally-based banding and market pricing received a great deal of negative comments from our employees because they feared:

- a) that it would not deliver a salary adjustment which met private sector rates,

b)that it could lead to downgrading, rather than upgrading, of salary levels, and

c)would prevent employees from receiving government-wide comparability increases.

It is necessary in any second version for us to explain to employees that:

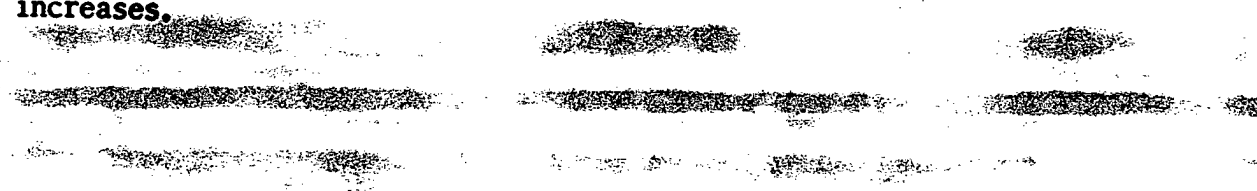
no employee will make less than they do now.

occupations which cannot be market-priced will benefit from their linkage to occupations which can be market-priced.

occupational panels will participate in the market pricing process to assure we get the best possible market job matches.

market pricing will not interfere with management decisions governing internal equity issues.

all employees will continue to receive government comparability increases.





In summary, what we can achieve through the modified GS system with an expanded use of special pay scales is the ability to make periodic salary adjustments to those occupations which are out of alignment with the market place. An occupationally-based, pay banded system would do the same thing and also allow us to use market pricing to make corresponding upward adjustments to those Agency occupations which have no precise correlate in the private sector, which otherwise would receive no adjustment.

The mechanism for market linkage needs to be more thoroughly explained before we can have a complete understanding of reactions to the preliminary report. The objective of this re-explanation is to more fully describe what the Agency can gain internally from market linkage of occupations. In so doing, two facts will be made clear:

- a) no employee will make any less than he/she does now, and
- b) every employee will continue to receive USG comparability increases.

#### INCENTIVE PAY

The second major issue causing negative comment was incentive pay. Employees believe that the system would be unfair, too hard to administer, and would foster unhealthy competition. What we have achieved in the modified GS system is a more adequately funded award pool and a more efficient method by which managers can award performance. What we can do is to evaluate whether

the various private sector performance salary adjustment systems would provide any additional advantages to us. For example, we will need to determine whether employees remain comfortable under a system in which first line supervisors are able to provide many more awards than is presently the case without any systematic requirement to review all employees in the process.

#### LEAVE CONVERSION

Numerous revisions are in order for this feature. Specifically:

expand the provision to all employees without regard to current criteria for leave restoration.

develop detailed cost projections.

state the limits on amount of leave that could be cashed in (e.g., one week).

offer the possibility of exchanging leave between spouses.

Evaluate the tax implications resulting from home leave policy changes.

### PERFORMANCE EVALUATION AND PERFORMANCE PLANS

Redefinition should focus on how these features are intended to differ in practice from AWP's and LOIs, and clarify the practical benefit.

### OCCUPATION SPECIFIC AND IMPROVED AVAILABILITY OF TRAINING

The Task Force will clarify the details of how the proposed system would work, what it would cost, and where training responsibilities lie. To do so we will work up training plans and costs for 6 - 10 occupations.

### EDUCATIONAL ASSISTANCE

This feature will be revised to provide for loans for non-education purposes.

### STAFFING MANAGEMENT TOOLS

This feature will be rescoped to a) eliminate retention bonuses (no support) and b) expand eligibility for early retirement to "senior" employees in all fields instead of SIS or experts.

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In addition to areas where redesign and redefinition is in order, the Task Force identified two additional features that had no support in the Agency and may not warrant further action at this time:

RETENTION BONUS : This is believed to be too difficult to control.

PROMOTION: The belief was that attempting to quantify Agency-wide promotion factors to specific occupations would be unworkable and overly complex.

The issues and options thus are:

- a)do nothing more at this time,
- b)proceed with a modified GS system consistent for consideration by employees, if yes:
  - 1)retaining the current 30% span with annual step increases or;
  - 2)with an expanded 50% GS grade range with step increases given over spans of 1, 2, or 3 years,
- c)proceed with modifying/clarifying non GS-proposal (gray book) for future consideration by employees,

d)do both b and c above for employee consideration, including implementation of design proposals of GS system and test-bed approach for non-GS.

The Task Force recommends option d. Option B would provide immediate improvements in awarding performance and simplify decentralizing classification. It also provides a basis for an evolutionary process if desired towards a more modern system. At the same time we would redesign the non-GS approach and test-bed it, following review and comments by employees.